

11 July 2025

# Ancom Nylex

## Recovery On The Horizon

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Weak full-year FY25 results is likely due to high freight cost especially in 1H; hence largely priced-in given prospective PER of only 10x PER. More importantly, ANCOMNY should see stronger earnings in FY26 thanks to better agri-chemical earnings coming from old as well as new active ingredients (AIs) while industrial chemical contribution is expected to stay muted though stable. Maintain FY25-26F core net profit (CNP) pending results next Thursday. TP of RM1.20 and OUTPERFORM call are also left intact.

Key highlights from recent ANCOMNY meeting include the following:

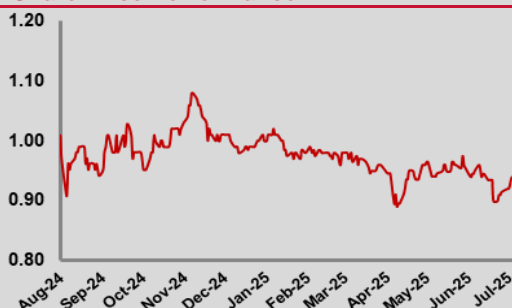
- MSMA mix exports outlook but still growing.** Regulatory approval to widen MSMA use in Brazil beyond sugarcane to include the larger soyabean market has been delayed from Jul-Aug CY25 (i.e. 1QFY26) to 3Q/4QFY25 or even FY27. However, ANCOMNY is gaining market share from its main MSMA rival, an Israeli company which is facing operational disruption from ongoing geo-political tension there. Overall net impact is small, hence no change to our FY25-26F MSMA growth assumption.
- Timber preservative is exempted from tariff.** Healthy exports to US are likely despite trade tension as ANCOMNY's timber preservative (and MSMA) exports to US enjoy tariff exemption. Timber preservatives form 6% out of the 11% of revenue exposed to the US.
- New AIs tailwind.** Following a successful fine tuning of the new, tri-phosgenation process, ANCOMNY has finally succeeded to scale up the production of AI "T"; thus, full 12-month contribution is expected from AI "T" in FY26. Another new product, AI "S," is now under development with possible commencement due in 6-12 months' time.
- FX and freight headwinds.** About 2/3 of ANCOMNY's agri-chemical is exported, and a 10% change in MYR can affect agri-chemical revenue by 6-7%. However, as nearly 70% of agri-chemical input is imported, the net impact on group net profit by <2%. Of greater impact is higher freight rate which has been sticky throughout most of FY25 and is expected to continue suppressing FY26 group CNP by 5%, though the 2H freight rate is already a 25% reduction from 6 months ago.
- Green Lagoon Technology Sdn Bhd (GLT) reverse takeover (RTO).** 34%-owned Ancom Logistics Bhd (ALB, Non-Rated) proposed RTO of GLT is ongoing and should conclude in FY26. GLT designs, constructs and operates its own as well as third party biogas projects including those belonging to IOI, SD Guthrie and Farm Fresh. In total, it is operating 26MW of bio-gas-to-electric concessions. Post RTO, ANCOMNY will own 22% of GLT and enjoy contributions from decarbonisation as RM8m-RM10m of annual PAT guarantee provided by GLT.

**Forecasts.** Maintained FY25-26 forecasts pending full-year FY25 results release next Thurs (17 Jul CY25).

**OUTPERFORM** ↔

Price : **RM0.95**  
Target Price : **RM1.20** ↔

### Share Price Performance



KLCI	1,536.52
YTD KLCI chg	-6.4%
YTD stock price chg	-5.0%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	ANCOMNY MK EQUITY
Market Cap (RM m)	1,113.0
Shares Outstanding	1,171.0
52-week range (H)	1.09
52-week range (L)	0.87
3-mth avg. daily vol.	1,144,278
Free Float	43%
Beta	0.6

### Major Shareholders

Helm Ag	16.3%
Datuk Siew Ka Wei	13.9%
Dato Lee Cheun Wei	9.8%

### Summary Earnings Table

FY May (RM m)	2024A	2025F	2026F
<b>Turnover</b>	1,996.3	1,961.8	2,095.6
EBIT	128.7	114.1	149.9
PBT	110.5	99.1	137.2
<b>Net Profit</b>	<b>82.8</b>	<b>67.1</b>	<b>106.2</b>
<b>Core Net Profit</b>	<b>79.0</b>	<b>67.0</b>	<b>106.2</b>
Consensus (NP)	-	66.0	99.3
Earnings Revision	-	-	-
<b>Core EPS (sen)</b>	<b>7.8</b>	<b>5.8</b>	<b>9.3</b>
CNP Growth (%)	9	-25	59
NDPS (sen)	2.0	2.0	2.0
BVPS (RM)	0.5	0.5	0.6
PER (x)	12.2	16.3	10.3
PBV (x)	1.8	1.8	1.5
Net Gearing (x)	0.4	0.2	0.0
Net Div. Yield (%)	2.1	2.1	2.1



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**Valuations.** We are also leaving our TP of RM1.20 intact, based on 13x FY26F PER, which is at less than half the forward PER of much larger regional agriculture chemical peers. There is no change to our TP arising from its 3-star ESG rating which is appraised by us (see page 4).

**Investment case.** We continue to like ANCOMNY for: (i) its position as the largest herbicide active ingredients producer in South-East Asia, (ii) benefiting from the widening ban on Paraquat use, (iii) it is likely to gain from the US-China trade tension as well as (iv) being a proxy to global food production and food security goal. Maintain **OUTPERFORM**.

**Risks to our call include:** (i) downturn in crop production in key markets, (ii) regulatory risk on AI, and (iii) foreign exchange volatility.

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### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
MANUFACTURING																	
ANCOM NYLEX BHD	OP	0.950	1.20	26.3%	984.2	Y	05/2025	5.8	9.1	-15.2%	58.5%	16.5	10.4	1.6	10.5%	2.0	2.1%
BM GREENTECH BHD	UP	1.86	1.72	-7.5%	1,355.0	Y	03/2026	11.3	12.2	11.5%	7.5%	16.4	15.3	3.6	22.5%	1.8	1.0%
BP PLASTICS HOLDINGS BHD	MP	0.915	0.870	-4.9%	259.0	Y	12/2025	10.9	12.0	18.3%	9.4%	8.4	7.7	0.9	11.2%	4.5	4.9%
HPP HOLDINGS BHD	UP	1.35	0.270	-80.0%	139.9	Y	05/2025	0.9	2.0	-14.6%	125.7%	149.3	66.1	4.1	2.8%	1.5	1.1%
KUMPULAN PERANGSANG SELANGOR BHD	UP	0.630	0.480	-23.8%	338.6	Y	12/2025	4.4	4.8	143.9%	8.4%	14.2	13.1	0.3	2.2%	2.0	3.2%
SCIENTEX BHD	MP	3.27	3.60	10.1%	5,135.7	Y	07/2025	31.5	33.4	-9.2%	6.0%	10.4	9.8	1.2	11.7%	11.0	3.4%
SLP RESOURCES BHD	OP	0.810	1.00	23.5%	263.1	Y	12/2025	5.0	5.3	12.1%	7.0%	16.4	15.3	1.4	8.3%	4.8	5.9%
TECHBOND GROUP BHD	OP	0.330	0.540	63.6%	227.6	Y	06/2025	5.0	4.2	58.0%	-16.1%	6.6	7.9	0.9	9.1%	1.3	3.8%
THONG GUAN INDUSTRIES BHD	OP	1.16	1.44	24.1%	469.9	Y	12/2025	17.4	20.2	3.9%	16.2%	6.7	5.7	0.5	7.1%	6.0	5.2%
Sector Aggregate					9,172.8					7.7%	11.5%	11.7	10.5	1.1	9.6%		3.4%

Source: Bloomberg, Kenanga Research

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## STOCK ESG RATINGS

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Community Investment	★	★			
	Workers Safety & Wellbeing	★	★	☆		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★			
SPECIFIC	Product Quality & Safety	★	★	★		
	Effluent/Waste Management	★	★			
	Digitalisation & Innovation	★	★			
	Material/Resource Management	★	★	★		
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	☆		
OVERALL		★	★	★		

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

## Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

## Sector Recommendations\*\*\*

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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